

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

Case No. 19-51017

LICK INDUSTRIES, LLC,

Chapter 11

Debtor.

Judge Thomas J. Tucker

**ORDER REQUIRING THE DEBTOR TO AMEND DISCLOSURE STATEMENT**

On November 27, 2019, the Debtor filed a plan and disclosure statement, in a document entitled “Debtor’s Combined Plan and Disclosure Statement” (Docket # 37, the “Plan”). The Court cannot yet grant preliminary approval of the disclosure statement contained within this document. The Court notes the following problems, which Debtor must correct.

First, in the first sentence in Paragraph I on page 1 of the Plan, the Debtor must delete from the end of the sentence the phrase “to a salary earning individual.” This phrase makes the sentence confusing, because the Debtor in this case is an LLC, not an individual.

Second, on pages 5-6 of the Plan, the Debtor must state when the monthly payments in the amount of \$1,960.46 to Class 1 will begin. Similarly, on pages 7-8 of the Plan, the Debtor must state when the monthly payments in the amount of \$500.00 to Class 5 will begin.

Third, the Plan does not contain a class consisting of the equity interest holder(s) of the Debtor — that is, the member(s) of the Debtor LLC. The Debtor must amend the Plan so that it includes a class of, and the treatment of, the equity interest holder(s). Unless otherwise provided in the plan or in an order confirming a Chapter 11 plan, the confirmation of a plan “terminates all rights and interests of equity security holders . . . provided for by the plan.” 11 U.S.C. § 1141(d)(1)(B). The Plan must state who will own the reorganized Debtor after confirmation

(e.g., the Debtor must state whether Craig Lick, Jr. will retain his sole membership interest).

Fourth, on page 19 of the Plan under paragraph II.B, the Debtor must state what is the monthly value of the rent-free unit provided by the Debtor to Craig Lick, Jr., and whether the Debtor provides any other fringe benefits for Craig Lick, Jr., and if so, what they are and what is their cost.

Fifth, the Debtor must state in paragraph III.B of the Plan on page 20, in addition to what is already stated, that on September 27, 2019, the Court entered an order entitled “Interim Order for the Use of Cash Collateral, Providing Replacement Liens and for Adequate Protection” (Docket # 27) based on a stipulation between Wells Fargo Bank, N.A. and the Debtor-in-Possession (Docket # 26).

Sixth, Debtors must revise the liquidation analysis, as follows. With regard to each asset listed, the Debtor must indicate, in separate columns, whether there is a secured creditor with a lien on the property, or a right of setoff against the property, and if so, the name of the secured creditor; the priority of the secured creditor’s claim; the value of the property securing the claim or the right of setoff; the amount of the secured claim or right of setoff; and the equity remaining in the asset.

Seventh, the Debtor must amend the Plan to provide meaningful additional detail for the summaries of the financial information in paragraphs V.A.1 through V.A. 3 on pages 20-21, in a consistent, line itemization format listing all income and expense categories, for three years pre-petition. The Debtor also must provide projections for the period of payment proposed by the Plan in the same line itemization format.

Eighth, the Debtor must revise paragraph VI.E.2 of the Plan on page 24, so that it states:

2. Except as provided in the plan and in 11 U.S.C. § 1141(d):  
In the case of a corporation that is reorganizing and continuing business:
  - (a) All claims and interests will be discharged.
  - (b) Creditors and shareholders will be prohibited from asserting their claims against or interests in the debtor or its assets.

Accordingly,

IT IS ORDERED that no later than **December 11, 2019**, the Debtor must file an amended combined plan and disclosure statement that is consistent with this Order.

IT IS FURTHER ORDERED that no later than **December 11, 2019**, the Debtor also must file a redlined version of the amended combined plan and disclosure statement, showing the changes the Debtor has made to “Debtor’s Combined Plan and Disclosure Statement” filed November 27, 2019.

**Signed on December 6, 2019**



/s/ **Thomas J. Tucker**

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**Thomas J. Tucker**  
**United States Bankruptcy Judge**